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FISCAL IMPACT STATEMENT

LS 7879

BILL NUMBER: SB 503

NOTE PREPARED: Jan 12, 2005

BILL AMENDED:

SUBJECT: Release of Social Security Numbers.

FIRST AUTHOR: Sen. Hershman

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill has the following provisions:

(A) It prohibits a state agency from releasing the Social Security number of an individual unless the release is:

- (1) required by state law, federal law, or court order;
- (2) authorized in writing by the individual;
- (3) made to comply with the USA Patriot Act or Presidential Executive Order 13224; or
- (4) made to a commercial entity for permissible uses set forth in the Drivers Privacy Protection Act, the Fair Credit Reporting Act, or the Financial Modernization Act of 1999.

(B) It requires a state agency to notify an individual of a security breach of the agency's computer system if the individual's unencrypted personal information was or is reasonably believed to have been acquired by an unauthorized person.

(C) It makes it a Class D felony to knowingly make a false representation to obtain a Social Security number or for an agency employee to knowingly disclose a Social Security number.

(D) It provides that an agency employee who negligently discloses a Social Security number commits a Class A infraction.

(E) It provides after December 31, 2007, that the county recorder must collect a \$2 fee for each document recorded to be used for purchasing and maintaining technology that searches recorded documents and redacts

Social Security numbers.

(F) It makes it a Class A infraction for a county recorder or an employee of a county recorder to disclose a recorded document without searching the document using the redacting technology.

(G) It establishes a pilot project beginning July 1, 2005, to develop procedures and test technology and equipment for searching recorded documents and redacting Social Security numbers.

Effective Date: Upon passage; July 1, 2005.

Explanation of State Expenditures: *Release of Social Security Numbers; Administrative Costs:* State agencies could incur increased costs for changes to current procedures and/or computer systems as required in several provisions of the bill. There are no data available to estimate the increase in cost, but the provisions that appear to add administrative cost include:

1. State agencies would be prohibited from releasing Social Security numbers except in certain circumstances.
2. Removing, or completely and permanently obscuring a Social Security number on a public record before disclosing the record is considered compliance.
3. State agencies that disclose personal information in violation of the section would be required to notify persons whose Social Security number was disclosed.

Attorney General's Office: This proposal would require the Attorney General's office to develop procedures for investigation of and reporting of violations of Social Security number disclosures. The provision is expected to increase the administrative cost of the Attorney General's office. However, the number of violations that would occur is unknown, and therefore, the added administrative cost is undeterminable. Currently, aside from the customer information contained in the records of a municipal utility, Social Security numbers are not required to be stricken from information available through the state's public records law.

State Board of Accounts: The State Board of Accounts would prescribe forms and develop procedures for county recorders to search documents. Additionally, the State Board of Accounts would work with a pilot project that would select between three and six counties and bring together their county recorders to develop procedures and test technology and equipment to search and redact documents before they are made public. The costs of these requirements are expected to fall within the existing resources of the State Board of Accounts.

Felony Crimes: There are no data available to indicate how many state employees would be convicted of knowingly, intentionally, or recklessly disclosing a Social Security number or the number of people who would be convicted of knowingly, intentionally, or recklessly making a false representation to obtain a Social Security number. Both of these offenses would be a Class D felony. A Class D felony is punishable by a prison term ranging from six months to three years or reduction to Class A misdemeanor depending upon mitigating and aggravating circumstances. Assuming offenders can be housed in existing facilities with no additional staff, the average cost for medical care, food, and clothing is approximately \$1,825 annually, or \$5 daily, per prisoner. However, any additional expenditures are likely to be small. The average length of stay in Department of Correction (DOC) facilities for all Class D felony offenders is approximately ten months.

Explanation of State Revenues: *Felony Crimes:* If additional court cases occur and fines are collected, revenue to both the Common School Fund (from criminal fines) and the state General Fund (from court fees)

would increase. The maximum fine for a Class D felony is \$10,000.

Infractions: There are no data available to indicate how many state employees may be convicted of negligently disclosing a Social Security number, how many people may be convicted of submitting a document for recording that contains a Social Security number, or how many county recorders or their employees may disclose a recorded document that contains a Social Security number without having searched the document. All three of these offenses would be a Class A infraction. If additional court cases occur, revenue to the state General Fund may increase if infraction judgments and court fees are collected. The maximum judgment for a Class A infraction is \$10,000, which is deposited in the state General Fund. If court actions are filed and a judgment is entered, a court fee of \$70 would be assessed, 70% of which would be deposited in the state General Fund if the case is filed in a court of record or 55% if the case is filed in a city or town court.

Explanation of Local Expenditures: *County Recorders:* The bill would have indeterminate additional cost for county recorders to search documents for a Social Security number and redacting documents that contain the number. These costs are somewhat mitigated because the bill would require the county recorder to comply to the extent possible and because individuals would not be able to submit documents for recording that contain Social Security numbers, unless the document is redacted.

Explanation of Local Revenues: *Security Protection Fund:* The bill would establish a security protection fund in each county that would not revert to the county's general fund at the end of the fiscal year. A \$2 fee for each document recorded would be established and the revenue from the fee would be deposited in the security protection fund. The fund would be used by the county recorder to purchase, upgrade, implement, and maintain technology that searches recorded documents and redacts Social Security numbers from the documents. The amount of revenue would depend on the number of documents recorded in the county.

Felony Crimes and Infractions: If additional court actions occur and a guilty verdict is entered, local governments would receive revenue from court fees.

State Agencies Affected: Department of Correction; Information Technology Oversight Commission; State agencies; Legislative Branch; Judicial Branch.

Local Agencies Affected: Trial courts, local law enforcement agencies.

Information Sources:

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